Höegh Autoliners

A DISTANCE AND A DISTANCE

Sustainability-Linked Financing Framework

HÖEGH AUTOLINERS

November 2023

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Meet Höegh Autoliners



Höegh Autoliners in short

Höegh Autoliners is a leading global provider of transportation services within the Roll-on Roll-off (RoRo) segment.

We offer our customers safe and secure deep sea transportation of RoRo cargo such as cars, high and heavy, and breakbulk cargoes all over the world. Each year, we transport around two million car equivalent units (CEU) as well as other rolling and static cargo. As of 31 December 2022, HÖEGH operates a fleet of 37 Pure Car and Truck Carriers (PCTC) vessels, of which 28 are owned and 9 are chartered in, with capacity ranging from 2 300 to 8 500 CEU, with an average capacity of ~6 700 CEU.

Our vision is a zero emissions future, and we create sustainable value by providing safe and top-in-class services while continuing to reduce our carbon footprint and support decarbonizing our customers' supply chain.

Höegh Autoliners ASA is a Norwegian Public Limited Liability Company. The Company is listed on Oslo Stock Exchange. Our corporate head office is located in Oslo, Norway but we employ approximately 400 people from 22 nationalities who are working out of 16 offices around the globe. In addition, we employ around 1 200 seafarers, through our crewing offices in the Philippines and China.



Our approach - In brief

As a global shipping company, we recognize our responsibility towards the environment and society. With a clear vision of achieving net zero and carbon-neutral vessel operations by 2040, we have re-shaped our strategy to encompass environmental (E), social (S), and governance (G) aspects. Our strategic framework is built on the principles set forth by the United Nations Global Compact and is further informed by a comprehensive understanding of our stakeholders. Since 2020, Höegh Autoliners has actively embraced the principles of the UN Global Compact, committing ourselves to upholding human rights, labour standards, environmental protection, and anti-corruption practices. Furthermore, we have reaffirmed our dedication to sustainability by joining the First Movers Coalition and supporting the Getting to Zero coalition's Call to Action for Shipping Decarbonization. These memberships signal our commitment to implementing our sustainability strategy and goals, while also providing sustainable solutions to our customers.

In May 2022, we proudly became a founding member of the All Aboard Alliance led by the Global Maritime Forum. This membership underscores our ongoing efforts to enhance diversity, equality, and inclusion within the maritime industry. We firmly believe that now, more than ever, there is a pressing need to prioritize these values, ensuring a better present and future for all.

In Q1 2023 we joined Marine CleanTech, a maritime commercial partnership working to develop energy-efficient and sustainable technologies for the maritime sector. This partnership will accelerate the shift towards a sustainable future by creating possibilities for collaboration with organizations that share our vision and leveraging cutting-edge green technologies.

In Q2 2023 we partnered with Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping as a Mission Ambassador. The Center works dedicated to accelerating the decarbonization of the global maritime industry. This complex challenge requires unprecedented collaboration across sectors, industries, and geographies. This partnership will accelerate our transition towards a more sustainable future by allowing us to collaborate with like-minded organizations, and leverage the Center's unique ability to develop and implement cutting-edge decarbonization projects

In November 2023, we announced a partnership with Yara Clean Ammonia, the world's largest ammonia distributor, for the supply, potential distribution, and delivery, for consumption of clean ammonia for the Höegh Autoliners' new AuroraClass PCTC vessels. This partnership is another step towards full decarbonization of our customers' supply chains.

By combining our vision, strategic partnerships, and our unwavering commitment, we aim to lead the way towards a more sustainable and inclusive future of shipping.

Strategy & Governance

Höegh Autoliners has implemented a comprehensive ESG strategy with a concrete and actionable course of action. As an international shipowner and operator, we believe decarbonization is the area where we can create the largest impact, and we are passionately committed to a net zero emission future by 2040. To substantiate this vision, our corporate purpose and development goals are aligned with the three core sustainability pillars; People, Planet and Prosperity, laying the foundation for our strategic priorities going forward.

Planet: Sailing for sustainability

- Reduce carbon intensity by more than 30% from 2019 to 2030 and reach net zero by 2040
- Partner with customers to create and grow the world's greenest deep-sea shipping services
- Raise the bar of asset life cycle management based on our responsible business philosophy

People: Empowering people to be their best

- Cultivate and invest in diverse agile teams who learn together, collaborate globally and drive bold transformation for our business, partners and customers
- Promote the wellbeing of our people and local communities through relevant programs and offers
- Adopt digital tools to continually develop our shipping heritage and support efficient and safe operations

Prosperity: Growing responsible business

- Develop lasting relationships with customers sharing our business
 philosophy
- · Ensure financial resilience by management of financial leverage and risks
- Optimize network and capacity to maximize available capacity while

The board of directors approves our strategy implementation throughout the organization and approves investments required to achieve targets and objectives. Our audit committee provides oversight of reporting and audit processes, including internal controls and regulatory compliance. Further, our Sustainability, Governance and Compensation Committee are responsible for the preparation of matters and processes related to governance and executive management compensation. Our management team is responsible

Climate Change

30 by 30, zero by 40: To further substantiate our vision of reaching net zero operations by 2040 and strengthening our position as the leading green pure car and truck carrier (PCTC), we have adopted a target of reducing our carbon intensity by more than 30% by 2030 compared to 2019 levels. This will put us in position to partner with sustainability focused OEMs and continue to develop commercially attractive green propositions.

In 2022, we proudly became a member of the First Movers Coalition, a global initiative focused on addressing the emissions of hard-to-abate industries accounting for 30% of global emissions, including the shipping industry. As part of our commitment, we have pledged to transition at least 5% of our deep-sea operations to either green ammonia or green methanol by 2030. Being a part of the FMC allows us to actively contribute to the commercialization of zero-carbon technologies. This involvement is crucial as we strive to continuously provide sustainable solutions and support our customers in decarbonizing their supply chains. By actively participating in this coalition, we are dedicated to driving the adoption of innovative and environmentally friendly practices within the shipping industry.

Extensive research is undertaken into different fuel alternatives and Höegh Autoliners have during 2023 partnered with multiple green ammonia suppliers, for the supply, distribution, delivery, and consumption of green ammonia, a carbon-free fuel produced using renewable energy. **The Aurora Class:** Höegh Autoliners is further accelerating its decarbonization efforts by building the most environmentally friendly car carrier ever built. The launch of the design of the Aurora class vessels and the signing of contracts for the delivery of 12 Aurora Class vessels to be delivered between Q3 2024 and Q2 2027, is another decisive step on Höegh Autoliners' path to zero. The Aurora class has DNV's new "ammonia ready" notation, which makes it the first in the segment to be ready for operation on carbon neutral ammonia. With its capacity to carry up to 9,100 cars it will become the world's largest and most environmentally friendly car carrier.

Science Based Target initiative: In 2021, our emission target was validated by the Science Based Target initiative, confirming our initial commitment to align with the well-below 2°C pathway by 2030. Throughout 2022, we reshaped our decarbonization strategy and enhanced our short-term target of reducing our carbon intensity by more than 30% by 2030, based on a 2019 baseline. Building on these efforts, we are currently in the process of updating and resubmitting our target to align with the Science Based Target initiative's more ambitious 1.5°C pathway, taking into account the guidance specific to the maritime transport that was released in December 2022.



Biodiversity

Höegh Autoliners actively work to reduce overboard emissions to protect the ocean's biodiversity and ecosystems. The introduction of invasive species into new marine environments is a major challenge for international shipping, and one that Höegh Autoliners takes seriously. Being at the forefront of environmental protection at sea, the Company has taken vital steps to ensure these pests are not carried either in the vessel's ballast water or on the vessel's hull. To stop the spread of these unwanted guests, Höegh Autoliners takes necessary steps through compliant Ballast Water Treatment Systems (BWTS) and anti-fouling system. At the end of 2022, all our vessels have BWTS installed. We also apply anti-fouling paints of the highest standards to reduce risk of spread of invasive species and to reduce hull resistance. The vessels ensure that there are no damages to marine life when any shipping activities takes place and when they pass through marine protected areas, environmental critical areas, and areas for protected conservation status. Preventing marine casualties is one of the top priorities regarding environmental performance. This involves continuous crew awareness, training regarding safety navigation and vessel stability.

Anti-Corruption

Höegh Autoliners enforces a zero-tolerance policy for corruption of any kind. We are committed to conducting business in accordance with the high ethical standards reflected in our Anti-Corruption Policy and Code of Conduct. We take a stand against corruption and work on several arenas to abolish the use of corruption, bribery and facilitation payments.

In line with our work against corruption, Höegh Autoliners takes pride in being one of the co-founders and an active member of the Maritime Anti-Corruption Network (MACN). MACN is a global business network working towards its vision of a maritime industry free of corruption that enables fair trade to the benefit of society and therefore for all. By adopting the MACN Anti-Corruption Principles, communicating progress on implementation, sharing best practices and creating awareness of industry challenges, we are promoting good corporate practice for tackling bribes, facilitation payments and other forms of corruption.



Green Ship recycling

Höegh Autoliners executes disposal of old vessels in a manner that is safe to both humans and the environment. All obsolete vessels, whether sailing or declared as total losses, undergo recycling procedures in accordance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. Vessels are dismantled under strict requirements in approved shipyard facilities.

Any recycling yard selected must comply with Höegh Autoliners Supplier Code of Conduct, which ensures that the chosen facilities comply with established management systems, procedures, and techniques. This approach guarantees that the workers are not exposed to health risks and that the local community is not negatively impacted. Additionally, Höegh Autoliners partners with recyclers who have the necessary facilities to handle toxic waste responsibly and implement proper safety procedures to protect their workers. Maintaining strict safety standards throughout the vessel recycling process is of utmost importance to Höegh Autoliners.

It is worth noting that Höegh Autoliners has been committed to green recycling since 2009, and as a result, all ship disposals by the Group have been carried out through environmentally friendly recycling practices.

Materiality and stakeholder engagement

Compliance with environmental laws and regulations, adherence to social criteria, and upholding ethical business practices form the foundation of our engagement with our stakeholders. We value our stakeholders' expectations and requirements and actively involve them in defining and implementing our strategy and targets. Their perspectives play a vital role in shaping internal discussions within our management team and in the boardroom.

Höegh Autoliners defines and prioritizes relevant sustainability topics through a materiality assessment aligned with the business strategy. The assessment is conducted in close collaboration with stakeholders and is further informed by science-based targets frameworks. Höegh Autoliners also consider the evolving industry policies, regulations, ESG reporting standards, and ESG ratings agencies to shape its material sustainability topics.

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Höegh Autoliners recognizes the importance of both financial and non-financial factors in assessing risks and opportunities, and we are welcoming the concept of double materiality as part of the assessment. In line with this, we are currently in the process of conducting a double materiality assessment in accordance with the Corporate Sustainability Reporting Directive (CSRD). As such, our material topics encompass aspects that have the potential to impact our value creation, along with both actual and potential impacts on the society and environment that are associated with our activities and business relationships.

Stakeholder

category	Stakenoiders	Stakeholder primary focus	How we engage	
Marketplace	Customer	Climate change, health and safety, anti-corruption, ship	Meetings and interviews, social media, exhibitions, website	
	Subcontractors			
	Suppliers			
	Employees	Climate change, employment, health and safety, labour and human rights	Internal communication, intranet, training and coaching	
	Consultants			
Workplace			oodonnig	
8 ⁸ 8	Shareholders / Investors	Climate change, health and	Press releases, stock exchange notices, meetings and interviews, emails, exhibitions, annual	
	Banks	safety, anti-corruption, ship		
Financial community	ncial Insurance mance mance	mance	and interim reports	
Society	International policy makers/NGOs	Climate change, environmental compliance, labour and human rights, anti-corruption.	Press releases, meetings and interviews, websites, social media	
	Governmental regulators			
	General public	ship recycling, health and safety		



Sustainability-Linked Finance Framework



Rationale for Sustainability-Linked Financing

Led by our vision of a pathway to net zero and carbon neutral vessel operations by 2040, we are committed to doing our part and invite our customers and partners to join us in supporting sustainable shipping practices and protecting the environment.

By setting up this document (the Sustainability-Linked Finance Framework" or "Framework"), Höegh Autoliners intends to link its funding with a key objective that is material for our long-term sustainability performance and further emphasize Höegh Autoliners' commitment to green shipping future. This Sustainability-Linked Financing Framework has been developed to align with ICMA's Sustainability-Linked Bond Principles June 2023 (SLBP) and the Sustainability-Linked Loan Principles February 2023 (SLLP) established by the LMA, the APLMA, and the LSTA. The five core components of the Principles form the basis of the Sustainability-Linked Financing Framework:

- 1) Selection of Key Performance Indicator (KPI)
- 2) Calibration of Sustainability Performance Targets (SPTs)
- 3) Bond/loan characteristics
- 4) Reporting
- 5) Verification

The Framework will apply to Sustainability-Linked Bonds, Sustainability-Linked Loans and any other type of Sustainability-Linked financial instrument issued by Höegh Autoliners ('Sustainability-Linked Debt Instruments'). The terms and conditions of the underlying documentation for each Sustainability-Linked Debt Instrument issued by Höegh Autoliners shall provide a reference to this Framework. The purpose of the Framework is to define the KPI, SPTs, financing characteristics, disclosure and verification related to our sustainability-linked financing.



KPI: Carbon intensity (cgDIST)

Scope and methodology

We are dedicated to reducing our carbon intensity, and we measure this commitment through the application of our fleet-wide Key Performance Indicator (KPI). Our KPI is defined as a fleet-wide weighted average carbon intensity (subsequently referred to as "carbon intensity", or "cg-DIST"), and is based on data from the International Maritime Organization's Data Collection System (IMO DCS). The KPI covers all owned and/ or technically operated vessels, and an updated fleet list of the vessels in scope for a given year will be provided in relation to relevant transaction-specific documentation.

The cgDIST metric is the industry standard for measuring carbon intensity for the Pure Car and Truck Carrier (PCTC) segment and serves as an equivalent indicator to the Annual Efficiency Ratio (AER) indicator. Bothmeasure grams of CO2 emitted per cargo-carrying capacity and nauticalmile. The difference between the two is that cgDIST uses gross tonnageas cargo-carrying capacity, while AER uses deadweight. The cgDISTmetric is recognized to be consistent with the policies and regulations ofIMO-DCS, which is a mandatory regulation established by the Interna-tional Maritime Organisation ("IMO") for the data collection and reportingof fuel oil consumption from ships.

A carbon intensity metric is considered to be more appropriate in order to measure decarbonization performance than an absolute emission metric, as it can more accurately trace changes in the emissions profile of an individual vessel or group of vessels. An absolute metric would be more sensitive to an increase or decrease in the sample of ships as well as changes to trading patterns. In accordance with IMO's CII regulation, cgDIST is calculated as:

$$cgDIST = \frac{\sum_{i} C_{i}}{\sum_{i} GT \cdot D_{i}}$$

Where Ci is the carbon emissions for voyage i computed using the fuel consumption and carbon factor of each type of fuel, GT is the gross tonnage of the vessel, and Di is the distance travelled on voyage i. The cgDIST is calculated for all voyages conducted throughout the calendar year and is weighted across our fleet based on each ship's travelled distance relative to the total distance covered by the fleet in scope.

An alternative intensity metric could have been the Energy Efficiency Operational Indicator (EEOI), which measures actual metric ton cargo carried instead of the gross tonnage of the vessel. That said, cgDIST is deemed the most appropriate KPI, as it is less sensitive to external market factors such as cargo utilization. Further, as it is consistent with data reported under IMO-DCS it can be benchmarked against peers and IMO decarbonization trajectories.

Rationale and materiality of the KPI

The decarbonization of maritime transport work is the biggest challenge the shipping industry is facing over the coming decades, which is also highlighted by our materiality assessment. As a global shipping company, it is crucial that we take responsibility for the environment and society in which we operate. Guided by our vision for net-zero and carbon-neutral vessel operations by 2040, we have developed an integrated strategy that encompasses environmental, social, and governance-related aspects. To further substantiate our vision to reach net zero operations by 2040, we have adopted a target to reduce our carbon intensity by more than 30% by 2030 ("30 by 30") compared to our 2019 levels to strengthen our position as the leading green Pure Car and Truck Carrier (PCTC) operator. We have therefore opted to go for a fleet-wide carbon intensity metric KPI which is related to the United Nations Sustainable Development Goals 13 "Climate Action" and 14 "Life below water", as well as the EU environmental objective "Climate Change Mitigation".

Meeting our ambitious goals will require continuous investments in measures to improve efficiency, incremental use of low carbon fuels and fleet renewal. Based on this, cgDIST is best suited to be used as our KPI as it is the most relevant and meaningful benchmark to drive our environmental ambitions and measure our progress.

Historical performance

We have been working systematically with emissions reductions and fleet improvements for more than a decade resulting in substantial carbon savings and emissions cuts. The progress has been obtained through continuous investments in new technology and other vessel improvements. Between 2008 and 2022, the Company has achieved about 38% reduction in carbon intensity, close to IMO's target of 40% by 2030. The table below shows the evolution of our average fleet-wide cgDIST to date, consistent with the data reported on a vessel-by-vessel basis through the IMO - DCS which has been externally verified by DNV from 2019 and onwards.

			-	
Carbon intensity (cgDIST) 8.31	5.53	5.07	5.26	5.13

Calibration of Sustainability Performance Targets

SPTs ¹	SPT 1.1: Reduce carbon intensity (cgDIST) to 4.82 by 2026, equivalent to a 12.8% reduction compared to 2019 levels.	SPT 1.2: Reduce carbon intensity (cgDIST) to 3.87 by 2030, equivalent to a 30% reduction compared to 2019 levels.		
Target observation date	December 31 st , 2026	December 31 st , 2030		
Baseline	Base year: 2019 Carbon intensity (cgDIST): 5.53	The 2019 baseline was chosen as it being the most recent full year for which global GHG emissions data is currently available under normal operations and externally verified IMO DCS data		
Target setting and Benchmark	 The sustainability performance targets set out is consistent with our aim to reduce carbon intensity by more than 30% from 2019 to 2030 and reach net zero by 2040. Given the quantitative and measurable nature of sustainability-linked instruments, and for the purpose of this framework, the 2030 target is calibrated to a reduction of 30%. Our target setting has been informed by a benchmarking exercise of our performance compared to that of our peers, based on a combination of information from DNV, Esgian and data from the EU MRV system. This benchmarking indicates that our reported cgDIST is among the best for our segment, and as of 2022 we had achieved an emission intensity reduction of 38% compared to 2008 levels. This implies that we already are close to delivering on IMO's 2018 Initial GHG Strategy target to reduce carbon intensity by 40% within 2030 compared to 2008 levels. On average, this entailed an annualized cgDIST reduction of 2.5% over this timeframe. Our CgDist target trajectory entails that we will reduce our carbon intensity by at least 53% by 2030 compared to 2008. It can thus be concluded that Höegh Autoliners' SPTs go beyond the IMO target, and should be considered ambitious in terms of reduction pathway and timing. 			
	Hence, the target trajectory set out in this framework entails continued significant emission reductions on top of those already achieved over the last decades. Our decarbonization progress has been achieved through systematic work with emissions reductions and fleet improvements over more than a decade resulting in substantial carbon savings and emissions cuts. The progress has been obtained through continuous investments in new technology and other vessel improvements such as derating engines, changing bulbs and propellers, optimal trim and weather routing, hull and propeller cleaning and optimized tuning of the main engine on the current fleet. We also increased our biofuel consumption, equivalent to 1% of total energy consumed during 2022, which is set to increase further in 2023.			
	Examples of fuel saving measures implemented			

Measure	Expected saving
Phase-out of inefficient tonnage	0.5% of total
Reduced propeller polishing intervals	0.2-0.4% of total
Two propeller boss cap fins were installed	1-2% per vessel
Ten hull cleaning jobs were undertaken	1-4% per vessel

In addition, our carbon intensity trajectory is projected to remain below that of the reference target set under the carbon intensity indicator (CII) IMO regulation. Based on a vessel's CII, its carbon intensity will be rated A, B, C, D or E (where A is the best). A vessel rated D for three consecutive years, or E for one year, will have to submit a corrective action plan to show how the required index of C or above will be achieved. In 2022, our fleet registered one of the best average CII ratings in the PCTC segment, as approximately half the Group's vessels received a CII rating of A or B – with our six A-rated Horizon class vessels delivered over 2015-16 being 40% more efficient than a standard PCTC vessel. Furthermore, all of our owned vessels built after 2010 have an engine configuration that can be converted to methanol in the future. We will continue our work on optimizing the fleet to further improve its average CII score in the future.

Against this backdrop, delivering on our 2030 targets require significant carbon intensity reductions on top of what has been achieved to date. Our SPT target benchmarking exercise indicate that our targets in many cases go beyond those adopted by our peers, both in terms of targeted relative improvement and absolute levels.

¹ For instruments other than bonds, the trajectory and chosen SPT will be detailed for each financing in the related transaction-specific documentation.

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In the graph above, we have set out the trajectory for our carbon intensity projection until 2030, including datapoints for 2019 (base year), 2022 (latest actual intensity figure), and the two SPTs. Our current performance and target trajectory are outperforming the 2018 IMO's initial GHG target of reducing emissions by 40% within 2030 compared to 2008 levels (grey line). Additionally, our actual carbon intensity and target trajectory are below the CII trajectory for our fleet issued by IMO (light blue line). As the CII trajectory is only determined until 2026, a reduction factor aligned with the factor applied prior to 2026 is assumed until 2030.

Strategy to achieve the SPTs

We have developed a detailed plan for meeting the cgDIST targets set out. Efficiency measures, incremental use of low carbon fuels and fleet renewal are intended to in combination enable Höegh Autoliners to meet or exceed the cgDIST trajectory outlined in this framework. By extension they will also enable us to deliver on IMO and EU GHG emission reduction targets and be well-positioned to tackle the phased introduction of a carbon tax on emissions from intra-EU and extra-EU voyages as well emissions at berth in EU ports, as adopted under EU's 'Fit for 55' package of legislative revision. Our planned phase-in of low carbon fuels will further enable us to consume fuels with a steadily dropping carbon intensity, as required by the FuelEU Maritime regulation. Generally, our measures can be grouped in near-term and medium-long-term measures, and fleet renewal.

Near-term (2023-2024): In the first half of 2023 Höegh Autoliners placed orders for the first three out of ten propellers optimized for our current operational profile. These new propellers will be installed during special surveys over the coming years and are expected to result in a fuel saving potential of approximately 6% per vessel. Additionally, the Company has ordered three propeller boss cap fins that will improve efficiency by between 1% and 1,5% for subject vessels. We are committed to intensifying our long-term efforts to improve the efficiency of our fleet and plan to place further orders for the installation of similar fuel-saving technologies throughout 2023. We are expecting to see the improved efficiency of these measures from 2024 and onwards.

Following measures will be implemented near-term

Measure	Expected saving
Propeller boss cap fins	1-2% per vessel
Propeller and propeller boss cap fins	3-4% per vessel
Installation of frequency drives	1% per vessel
Optimization of turbo charger, main engine and propeller	6-10% per vessel

Medium-to-long term (2024-2030): While we continuously assess opportunities to decarbonize our existing fleet, our biggest efforts in the latest years have been to materialise our transformational newbuilding program. An important part of our ambitious plan to achieve net zero by 2040 involves investing in zero-carbon-ready vessels. Höegh Autoliners has signed contracts for 12 zero-carbon-ready Aurora Class vessels to be delivered between Q3 2024 and Q2 2027, which will have DNV's ammonia ready notations. This vessel class will be the first in the PCTC segment ready to operate on zero-carbon ammonia and will be delivered from end of July 2024 and onwards. The industry-leading Aurora class will be the world's largest and most sustainable car carriers and key to enabling us to fulfil our climate commitments. The phase-in of our Aurora vessels will coincide with substantial replacement of existing own fleet by 2030.

Other efficiency improvement measures we are working on, are Al-assisted weather rooting and speed optimization, shore power for berth, the continued use of biofuel where supply and cost permits, and the process for enabling our fleet to run on low-carbon fuels such as methanol or ammonia. In September 2022 we joined the First Movers Coalition as one of the first shipping companies. By joining, we are committing to running at least 5% of our deep-sea shipping on zero-emission fuels by 2030. Höegh Autoliners have undertaken extensive research into different fuel alternatives and have during 2023 partnered with multiple green ammonia suppliers, for the supply, distribution, delivery, and consumption of green ammonia, a carbon-free fuel produced using renewable energy. In the coming years, we will focus on progressing our partnerships with OEMs that aim to reduce their transport emissions to further strengthen the attractiveness of our green shipping proposition.



Key factors that could affect the ability to meet the SPT

Our target trajectory until 2030 reflects our planned initiatives, which includes implementing a range of technical and operational measures and gradually introducing multiple ammonia-ready vessels. However, it's important to acknowledge that alignment with the target trajectory in any given year is subject to external factors beyond Höegh Autoliners' control.

Key factors beyound our direct control that may affect the achievement of the SPTs include various variables, such as rerouting due to adverse weather conditions, port congestion, port rotation programs, and the specific cargo carried. These factors can result in higher or lower fuel consumption per nautical mile. Additionally, market conditions play a significant role in determining the extent of low-carbon fuel usage. Variables such as green fuel subsidies, infrastructure and availability, and cost wil impact the rate at which low-carbon fuels can be integrated into our fleet-wide fuel mix. The decarbonization goals of our customers are also crucial, as their willingness to opt for a low-carbon service depends on the attractiveness of the green proposition within their sustainability plans. Furthermore, regulatory measures like the implementation of carbon taxes and fuel carbon intensity requirements will contribute to driving the shift towards low-carbon shipping. These measures will not only promote sustainable practices, but also increase the operational costs associated with maintaining business as usual.

While we are committed to our decarbonization journey, it's essential to recognize that navigating the complexities of external factors and market dynamics is integral to achieving our goals. We remain dedicated to working collaboratively with customers, stakeholders and industry regulators to create a more sustainable future for shipping.



Financial Characteristics

For any Sustainability-Linked Debt Instrument issued under this Framework, the characteristics may change and lead to a financial impact in the form of a margin adjustment, a coupon step-up or a premium payment in the event that a trigger event occurs.

The financial characteristic selected for each Sustainability-Linked Debt Instruments including specification of financial impact, trigger event, fallback mechanisms, Target Observation Date and reporting end date will be specified in the relevant transaction-specific documentation.

In the event of any change, which occurs between the Issue Date and the Target Observation Date, to; the calculation methodology for the KPI to reflect the relevant market practice or standards such as IMO's definition and relevant impact factors or significant changes in data due to better data accessibility, which, individually or in aggregate, has a significant impact on the KPI, the relevant baseline may be recalculated in good faith by Höegh Autoliners. Such baseline recalculation or pro forma adjustments will be verified by an independent external reviewer as detailed in the relevant transaction-specific documentation. For the avoidance of doubt, any new or updated framework shall not have any implications on the Sustainability-Linked Debt Instruments issued under this Sustainability-Linked Financing Framework.

Reporting

Höegh Autoliners will annually publish a Sustainability-Linked Progress Report to ensure that investors and other stakeholders have updated and adequate information about Höegh Autoliners' sustainability strategy and the performance of the KPI against the SPTs. The reporting can be in the form of either a stand-alone report or integrated into the annual report, published on Höegh Autoliners' website until the final reporting end date.

The performance level of the KPIs against the respective SPTs shall be verified by a qualified external reviewer with relevant expertise as described in the next section.

In the case Höegh Autoliners would have other Sustainability-Linked Debt Instruments than bonds outstanding, the Company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

The Sustainability-Linked Progress Report will include the following reporting points:

- The performance of the KPI against the respective SPTs, as per the relevant reporting period
- Calculation methodology, information about baseline and potential recalculations, when applicable
- Information on any relevant updates to Höegh Autoliners' sustainability strategy and/or governance with a potential impact on the KPIs

Where feasible and relevant the reporting will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors behind the development of the performance on the KPI on an annual basis
- Updates on new or proposed regulations from regulatory bodies relevant to the KPI and the SPTs

Verification

Höegh Autoliners will annually seek external and independent verification of its performance level of the KPIs against the SPTs by one or more qualified external reviewer(s) with relevant expertise. The external reviewer(s) will be chosen by Höegh Autoliners in accordance with the Voluntary Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds and may, at the discretion of Höegh Autoliners, be changed subject to fulfilling the requirements set out in this Framework. The verification will be made public available together with Höegh Autoliners' Sustainability-Linked Progress Report, up to and including the final Reporting End Date as set out in section Financial Characteristics and specified in the related transaction-specific documentation. DNV Business Assurance Norway AS has provided a Second Party Opinion to this Framework assessing the relevance, robustness, reliability and ambition level of the selected KPI and SPTs, and confirming its alignment with the five core components of:

- · ICMA's Sustainability-Linked Bond Principles
- LMA/APLMA/LSTA Sustainability-Linked Loan Principles

The Framework and the Second Party Opinion will be publicly available on Höegh Autoliners' website together with the Sustainability-Linked Progress Report and verification, once published.



Publication details

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